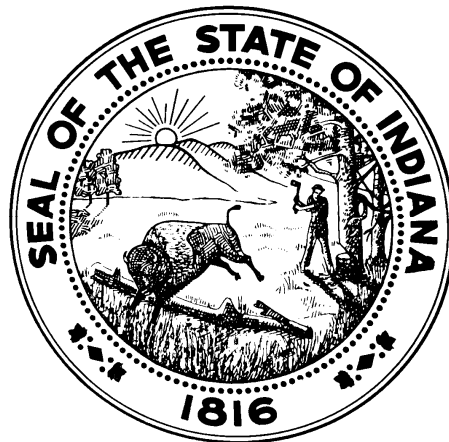


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

REVIEW REPORT
OF
LEGISLATIVE SERVICES AGENCY
STATE OF INDIANA
June 1, 2006 to April 30, 2008



FILED
07/10/2008

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AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Philip Sachtleben	09-30-97 to 12-31-06
	John Rowings	01-02-07 to 09-03-07
	John M. Ross	09-04-07 to 06-30-08
Chairman of the Legislative Council	Brian C. Bosma	01-01-06 to 12-31-06
	David C. Long	01-01-07 to 12-31-07
	Patrick B. Bauer	01-01-08 to 12-31-08



STATE OF INDIANA

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE LEGISLATIVE SERVICES AGENCY

We have reviewed the receipts, disbursements, and assets of the Legislative Services Agency for the period of June 1, 2006 to April 30, 2008. The Legislative Services Agency's management is responsible for the receipts, disbursements, and assets.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the receipts, disbursements, and assets. Accordingly, we do not express such an opinion.

Financial transactions of this office are included in the scope of our audits of the State of Indiana as reflected in the Indiana Comprehensive Annual Financial Reports.

Based on our review, nothing came to our attention that caused us to believe that the receipts, disbursements, and assets of the Legislative Services Agency are not in all material respects in conformity with the criteria set forth in the Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, and applicable laws and regulations, except as stated in the review comment.

STATE BOARD OF ACCOUNTS

June 2, 2008

LEGISLATIVE SERVICES AGENCY
REVIEW COMMENT
APRIL 30, 2008

CONTRACT - TRAVEL EXPENSES

The Legislative Services Agency (LSA) reimbursed travel expenses in the amount of \$10,609.93 to a vendor when the contract with this vendor did not provide for travel expenses to be reimbursed. LSA's travel policy only allows travel reimbursement to a contractor if specifically allowed in the contract or if out of state travel, it must be preapproved by LSA. No prior approval was presented for audit.

Contractor reimbursement: (a) Agencies that enter into contracts which provide for reimbursement of travel expenses must specify in the contract that travel reimbursement paid to persons under contract will be consistent with these rules. (b) Out-of-state travel that will be paid under the contract should be itemized in the contract so that approval of the travel can be granted during the contract signing process. Out-of-state travel not specified in a contract must receive written prior approval from the agency head. (Legislative Branch Travel Rules [as adopted by Legislative Council Resolutions (LCR) 03-06 on June 19, 2003] section 23)

Each agency, department, quasi, institution or office also has the responsibility to comply with their own internal policies and guidelines. These internal policies and guidelines cannot conflict with state or federal laws, state policies or procedures (including those in this manual) or other policies established by Department of Administration, Department of Personnel or through the Financial Management Circulars. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 1)

LEGISLATIVE SERVICES AGENCY
EXIT CONFERENCE

The contents of this report were discussed on June 19, 2008, with Jack Ross, Executive Director. The official response has been made a part of this report and may be found on page 6.

The contents of this report were discussed by telephone on June 24, 2008, with John Rowings, former Executive Director, and on June 25, 2008, with Philip Sachtleben, former Executive Director.

LEGISLATIVE SERVICES AGENCY

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June 20, 2008

Mr. Bruce Hartman
State Examiner
State Board of Accounts
302 West Washington Street
Room E 418
Indianapolis, IN 46204-2765

Re: OFFICIAL RESPONSE

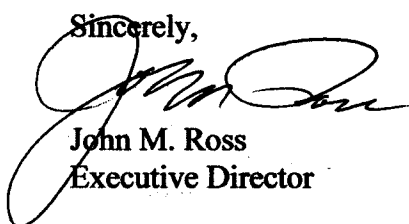
Dear Mr. Hartman:

This letter is the Official Response of the Legislative Services Agency (LSA) to the review comments of the State Board of Accounts in its 2008 audit of LSA.

LSA acknowledges that in 2006 one vendor was reimbursed for travel expenses incurred when the written contract with that vendor did not specifically allow for such reimbursement. LSA further acknowledges that the travel policies of LSA only allow for reimbursement of vendor travel expenses if the written contract specifically provides for such reimbursement or if prior written approval of the executive director is obtained. Although I am confident that the intent of both parties at the time this contract was signed was for the vendor to be reimbursed for travel expenses, language specifically allowing for the payment of the travel expenses was mistakenly left out of the written contract. All reimbursements of vendor travel expenses incurred in connection with work completed under this 2006 contract received the written approval of the executive director prior to payment. In the future, LSA will make sure that, if there is to be a reimbursement of vendor travel expenses, such reimbursement will be authorized in the written vendor contract. In fact, in 2007, LSA and this same vendor signed a contract which contained language specifically authorizing the payment of vendor's travel expenses.

Thanks for your consideration of this response.

Sincerely,



John M. Ross
Executive Director